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**KONG SUN HOLDINGS LIMITED**

**江山控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 295)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE  
DISPOSAL OF 15.29% EQUITY INTEREST IN ZHONGKE  
HENGYUAN TECHNOLOGY CO., LTD.\***

**THE DISPOSAL**

On 23 December 2016 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor agreed to transfer, and the Purchaser agreed to acquire, the Target Shares together with all rights, obligations and duties thereunder.

Upon completion of the Disposal, the Company will cease to hold any equity interest of the Target Company. The Target Company will cease to be an associated company of the Company and its financial statements will no longer be equity accounted for in the consolidated financial statements of the Group.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% and all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **THE DISPOSAL**

On 23 December 2016 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor agreed to transfer, and the Purchaser agreed to acquire the Target Shares together with all rights, obligations and duties thereunder.

The principal terms of the Disposal Agreement are set out below.

## **PRINCIPAL TERMS OF THE DISPOSAL AGREEMENT**

### **Date**

23 December 2016

### **Parties**

- (i) the Vendor, a wholly-owned subsidiary of the Company, as transferor; and
- (ii) the Purchaser, 天津萊恩福商貿有限公司 (Tianjin Laienfu Trading Co., Ltd.\*), as transferee.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons.

### **Disposal**

Pursuant to the terms of the Disposal Agreement, the Vendor agreed to transfer, and the Purchaser agreed to acquire, the Target Shares together with all rights, obligations and duties thereunder. The Target Shares represent an approximately 15.29% equity interest in the Target Company as at the date of this announcement.

Within three (3) Business Days upon receipt by the Vendor of 50% of the consideration for the Disposal, the parties to the Disposal Agreement shall procure the Target Company to make and complete the registration of the transfer of the Target Shares pursuant to the Disposal in the register of members of the Target Company.

## **Consideration**

The aggregate consideration for the Disposal is RMB374,526,600, representing a transfer price of RMB7.00 per Target Share.

The consideration for the Disposal shall be payable by the Purchaser to the Vendor as follows:

- (a) a sum of RMB10,000,000, being part of the consideration for the Disposal, will be payable as a deposit (the “**Deposit**”) to the Vendor within three Business Days upon the signing of the Disposal Agreement; and
- (b) the balance of the consideration, equivalent to RMB364,526,600, will be payable to the Vendor within 15 days upon the signing of the Disposal Agreement (i.e. the Payment Period).

The consideration for the Disposal was determined based on arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to (i) the net asset value of the Target Company, as extracted from the audited consolidated financial statements of the Target Group as at 31 December 2015; (ii) the net asset value of the Target Company, as extracted from the unaudited consolidated financial statements of the Target Group as at 30 November 2016; (iii) the attributable interests pro rata to the Target Shares under the Disposal; and (iv) the price of RMB7.00 per share of the Target Company at which shares in the Target Company were issued pursuant to the Target Company’s capital increase in July 2016, under which the Purchaser, as one of the shareholders of the Target Company, made an additional capital contribution to the Target Company in an aggregate amount of RMB1,610 million.

## **Default**

The Purchaser agrees and undertakes that, in the event it fails to pay the consideration for the Disposal in full within the Payment Period, it shall pay to the Vendor the 0.03% Payment Default Amount. In the event the Purchaser fails to pay the consideration for the Disposal in full by the 60th Payment Default Date, it shall pay to the Vendor the 0.05% Payment Default Amount in addition to the 0.03% Payment Default Amount and the Vendor shall on the day immediately following the 60th Payment Default Date have a right to terminate the Disposal Agreement (the “**Vendor Termination Right**”) and forfeit and retain the Deposit.

## Information on the Vendor, the Purchaser and the Target Company

The Vendor is a wholly-owned subsidiary of the Company and a company established in the PRC which is principally engaged in the investment in and development of photovoltaic power plants in the PRC.

The Purchaser is a company established in the PRC which is principally engaged in investment holding in the PRC.

The Target Company was established in Guangzhou, the PRC on 25 August 2005, as a limited liability company under the Company Law of the PRC (中華人民共和國公司法) and was converted into a joint stock limited liability company on 29 December 2006. The Target Group is principally engaged in the construction and development of photovoltaic power station projects and manufacture and sale of wind-solar hybrid street lights in the PRC.

The financial information of the Target Group as extracted from the audited consolidated financial statements of the Target Group prepared in accordance with the PRC Accounting Standards for Business Enterprises, is summarised as follows:

	<b>For the year ended 31 December 2014 (audited) RMB</b>	<b>For the year ended 31 December 2015 (audited) RMB</b>
Net profit before taxation	29,219,000	34,904,000
Net profit after taxation	22,214,000	25,335,000

The audited net asset value and total asset value of the Target Company as at 31 December 2015 were approximately RMB628,421,000 and RMB3,669,807,000, respectively.

The unaudited net asset value and total asset value of the Target Company as at 30 November 2016 as extracted from the unaudited consolidated financial statements of the Target Group as at 30 November 2016, were approximately RMB2,157,153,000 and RMB4,064,869,000, respectively.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Based on the carrying amount of the Company's interest in the Target Company as at 30 November 2016, it is estimated that the Group will record a gain of approximately RMB40,718,000 (before tax) from the Disposal after deducting the expenses attributable to the Disposal of approximately RMB187,000. Shareholders should note that the actual amount of the gain or loss (as the case may be) on the Disposal to be recognized in the consolidated financial statements of the Group is subject to final audit and therefore may be different from the amount mentioned above.

Upon completion of the Disposal, the Company will cease to hold any equity interest of the Target Company. The Target Company will cease to be an associated company of the Company and its financial statements will no longer be equity accounted for in the consolidated financial statements of the Group.

Upon completion of the Disposal, the gross and net proceeds that arise from the consideration for the Disposal will be RMB374,526,600 and RMB374,339,600, respectively. The Board intends to apply the net proceeds from the Disposal as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL AGREEMENT**

The Company is principally engaged in the investment in and development of photovoltaic power plants and trading of equipments related to photovoltaic power stations, properties investment and trading of life-like plants in the PRC.

The Company entered into an agreement to acquire the Target Shares in 2015 to enhance the Group's initiative in developing photovoltaic power stations in the PRC and the wind-solar hybrid street lights could be an additional income stream for the Group. In light of the recent development of the Target Group and the Group's focus on its investments in solar power plants, it is expected that the Disposal will enable the Group to re-allocate its resources to its solar power stations to further enhance the value of the Company. Based on the above, the Directors consider that the terms of the Disposal Agreement have been entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% and all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“0.03% Payment Default Amount”	a default amount equal to 0.03% of the consideration for the Disposal per day for the period commencing on (and including) the day immediately following the last day of the Payment Period and ending on: (i) the day on which the consideration for the Disposal is fully paid; or (ii) in the event the Purchaser fails to pay the consideration for the Disposal in full by the 60th Payment Default Date, the 60th Payment Default Date
“0.05% Payment Default Amount”	a default amount equal to 0.05% of the consideration for the Disposal per day for the period commencing on (and including) the day immediately following the 60th Payment Default Date and ending on: (i) the day on which the consideration for the Disposal is fully paid; or (ii) where the Vendor Termination Right is exercised, the date of termination of the Disposal Agreement
“60th Payment Default Date”	the 60th day following the last day of the Payment Period
“Board”	the board of the Directors
“Business Day(s)”	day(s) on which commercial banks are open for business in the PRC (excluding Saturdays, Sundays and public holidays)
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the transfer by the Vendor, and the acquisition by the Purchaser, of the Target Shares together with all rights, obligations and duties thereunder, upon the terms of the Disposal Agreement
“Disposal Agreement”	the equity transfer agreement dated 23 December 2016 entered into by and between the Vendor and the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Payment Period”	15-days upon signing of the Disposal Agreement
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	天津萊恩福商貿有限公司 (Tianjin Laienfu Trading Co., Ltd.*), a limited liability company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	中科恒源科技股份有限公司 (Zhongke Hengyuan Technology Co., Ltd.*), a company established under the laws of the PRC
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	53,503,800 shares of the Target Company, representing approximately 15.29% equity interest in the Target Company as at the date of this announcement
“Vendor”	江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Co., Ltd.*), a wholly-owned subsidiary of the Company and a company established under the laws of the PRC
“%”	per cent.

By order of the Board  
**Kong Sun Holdings Limited**  
**Mr. Liu Wen Ping**  
*Executive Director*

Hong Kong, 23 December 2016

*As of the date of this announcement, the Board comprises two executive Directors, Mr. Liu Wen Ping and Mr. Chang Hoi Nam, two non-executive Directors, Dr. Ma Ji and Mr. Chang Tat Joel, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda.*

\* For identification purposes only